

## Agency 74

# Board of Accountancy

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### Article 1.—EXAMINATIONS

**74-1-1. Type of examination.** The uniform certified public accountant examination prepared by the American institute of certified public accountants shall be used for all examinations. (Authorized by K.S.A. 1-202 and K.S.A. 1-304, as amended by 2003 HB 2241, § 3; implementing K.S.A. 1-302 and K.S.A. 1-304, as amended by 2003 HB 2241, § 3; effective Jan. 1, 1966; amended Nov. 14, 2003.)

**74-1-2. Determining and reporting examination grades.** (a) Each testing candidate shall be required to pass all test sections of the examination in order to qualify for a certificate.

(b) Each testing candidate shall be required to attain at least a minimum grade established through a psychometrically acceptable, standard-setting procedure approved by the board.

(c) Upon the board's receipt of each candidate's advisory grades from the examination provider, the grades shall be reviewed and may be adopted by the board. The examination grades shall be reported to the testing candidate. (Authorized by K.S.A. 1-202 and K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; implementing K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; effective Jan. 1, 1966; amended Nov. 17, 2000; amended Nov. 14, 2003; amended Jan. 11, 2008.)

**74-1-3. Retaking the examination and granting of credits.** (a) Each testing candidate shall be deemed to have passed the examination if the candidate obtains credit for passing each of the four test sections. Credit for passing a test section shall be valid from the date of the examination regardless of the date on which the testing candidate receives actual notice of the passing grade.

(b) A testing candidate may take the test sections individually and in any order. Credit for passing any test section shall be valid for 18 months from the date of testing regardless of the number of sections taken or the scores on any failed sections.

(c) Each testing candidate shall pass all four test sections within a rolling 18-month period that begins on the date the first test section passed is taken. If all four test sections are not passed within this 18-month period, credit for any test section passed outside the 18-month period shall expire.

(d) A testing candidate shall not retake a failed section within the same examination window. An examination window shall be a consecutive three-month period comprised of two months in which the examination is offered and one month when the examination is not offered.

(e) Each testing candidate shall retain credit for any test section passed in another state if the credit would have been given if the testing candidate had taken the examination in Kansas.

(f) Notwithstanding subsections (a), (b), and (c), the period of time in which to pass all sections of the examination may be extended by the board upon a showing that the credit was lost by reason of circumstances beyond the testing candidate's control. (Authorized by K.S.A. 1-202 and K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; implementing K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; effective Jan. 1, 1966; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended Jan. 12, 1996; amended Nov. 14, 2003; amended Jan. 11, 2008.)

#### **74-1-4. Transfer of examination credit.**

An applicant for the certificate of certified public accountant who has passed two (2) or more sections of the uniform certified public accountant examination under the jurisdiction of another state shall be given conditional credit by this board for successfully passing those subjects provided the applicant: (a) Has established residence in Kansas;

(b) Has passed two (2) or more sections of the uniform certified public accountant examination in accordance with K.A.R. 74-1-3, and the grades have been determined by the advisory grading service of the board of examiners of the American institute of certified public accountants; and

(c) At the time of applying to transfer the credit earned in another state the applicant is still eligible to be re-examined in that state except for rea-

son of change of residence. (Authorized by K.S.A. 1981 Supp. 1-202(a); implementing K.S.A. 1981 Supp. 1-302; effective Jan. 1, 1966; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982.)

**74-1-5.** (Authorized by K.S.A. 1981 Supp. 1-202(a); implementing K.S.A. 1981 Supp. 1-301(b)(1); effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; revoked July 18, 1997.)

#### **74-1-6. Refund of examination fees.**

(a) Any examination fee may be refunded by the board to a testing candidate who is unable to be present for an examination if the board determines that the testing candidate had an acceptable reason for not sitting. Acceptable reasons shall include a documented illness, death in the immediate family, and any other reason that the board determines to be unavoidable.

(b) Each refunded examination fee shall be subject to a 25 percent processing fee. (Authorized by K.S.A. 1-202 and K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; implementing K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; effective July 18, 1997; amended Nov. 14, 2003; amended Jan. 11, 2008.)

**74-1-7. Examination security.** Scheduled examinations, the grading of examinations, and the issuance of certificates may be postponed by the board for any of the following reasons:

(a) Breach of examination security;

(b) unauthorized acquisition or disclosure of the contents of an examination;

(c) suspected or actual negligence, errors, omissions, or irregularities in conducting examinations; or

(d) any other reasonable cause or unforeseen circumstance. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-302, as amended by L. 2000, Ch. 81, § 7; effective Nov. 17, 2000.)

**74-1-8. Administration of examination; cheating.** (a) Either of the following actions by a testing candidate shall invalidate any grade otherwise earned on any test section and may warrant the candidate's summary expulsion from the test site and disqualification from taking the examination for a specified period of time:

(1) Failing to comply with the testing administrator's instructions; or

(2) cheating in applying for or taking the examination.

(b) The following actions or attempted actions

by a testing candidate may be considered cheating:

(1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;

(2) any communication between testing candidates inside or outside the test site or copying another testing candidate's answers while the examination is in progress;

(3) with the exception of persons associated with the examination process, any communication with others inside or outside the test site while the examination is in progress;

(4) the substitution of another person to sit in the test site in the stead of a testing candidate;

(5) other than those materials provided to the testing candidate as part of the examination, referring to cribnotes, textbooks, or any other materials or electronic media inside or outside the test site while the examination is in progress;

(6) violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so; and

(7) retaking or attempting to retake a test section by an individual holding a valid certificate or by a testing candidate who has unexpired credit for having already passed the same test section, unless the individual has been authorized to retake a test section or has been expressly authorized by the board to do so.

(c) If it appears that a testing candidate has failed to comply with the testing site administrator's instructions or that cheating has occurred or is occurring, the testing candidate either may be summarily expelled by the board or its designee or may be moved to a position in the testing center away from other testing candidates.

(d) If the board has reason to believe that a testing candidate either has failed to comply with the testing site administrator's instructions or has cheated on the examination, an investigation and a hearing may be conducted by the board to determine whether the testing candidate will be given credit for any of the test sections and whether the testing candidate will be barred from taking the examination for a specified period of time.

(e) If the board determines that a testing candidate has failed to comply with the testing site administrator's instructions or that cheating occurred but the board allows a testing candidate to take any subsequent examinations, any of the following actions may be taken by the board:

(1) Admonish the testing candidate;

(2) seat the testing candidate in a segregated location for the rest of the examination;

(3) keep a record of the testing candidate's seat location and identifying information as well as the names and identifying information of the testing candidates in close proximity to the candidate; or

(4) provide information concerning the circumstances of the cheating to the national candidate database, the American institute of certified public accountants, and the testing center.

(f) Other state regulatory boards may be notified by the board of the board's findings and any actions taken against a testing candidate who is refused credit for any test section, disqualified from taking any test section, or barred from taking the examination in the future. (Authorized by K.S.A. 1-202 and K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; implementing K.S.A. 2006 Supp. 1-304, as amended by L. 2007, ch. 97, § 2; effective Nov. 14, 2003; amended Jan. 11, 2008.)

## **Article 2.—CPA EXAM APPLICATION AND EDUCATION REQUIREMENTS**

### **74-2-1. Applications for examination.** (a)

Each application to take the certified public accountant examination shall be submitted on a form provided by the board or its designee and shall be filed by a date specified in the application.

(b) An application shall not be considered filed until the following conditions are satisfied:

(1) All information requested on the form is provided.

(2) All fees are included with the application.

(3) Official transcripts and any documents that establish that the applicant has satisfied the education requirements in K.A.R. 74-2-7 and K.S.A. 1-302a, and amendments thereto, are provided with the application.

(4) All supporting documents identified in the application form are received, including proof of identity as specified in the application form. (Authorized by K.S.A. 1-202 and K.S.A. 1-304, as amended by 2003 HB 2241, § 3; implementing K.S.A. 1-304, as amended by 2003 HB 2241, § 3; effective Jan. 1, 1966; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended July 18, 1997; amended Nov. 17, 2000; amended Nov. 14, 2003.)

**74-2-2. Evaluation of college credits.** In evaluating credit hours earned at a college or uni-

versity operating under the quarter plan, these hours shall be converted to semester hours at the rate of two (2) semester hours for every three (3) quarter hours. (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended May 1, 1978.)

**74-2-3. Submission of college transcripts.** (a) An individual applying for admission to the examination, or for issuance of a certificate as certified public accountant by waiver of examination, shall submit with the application official college transcripts and include the number of hours of credit received in courses that are listed in K.A.R. 74-2-7. College transcripts shall not be returned.

(b) Transcripts received from foreign universities shall be evaluated by a credentialing evaluation service approved by the board. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4, K.S.A. 1-302a, as amended by L. 2000, Ch. 81, § 8, K.S.A. 1999 Supp. 1-307, as amended by L. 2000, Ch. 81, § 10; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Feb. 15, 1977; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended Nov. 17, 2000.)

**74-2-4.** (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1-302a, as amended by L. 2000, Ch. 81, § 8; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Feb. 15, 1977; amended May 1, 1978; amended Nov. 17, 2000; revoked Nov. 14, 2003.)

**74-2-5. Residence requirement for examination.** To be eligible for the initial or complete re-examination in Kansas, a candidate must be a resident or have a place of business as a public accountant in, or be permanently employed by a public accounting firm in Kansas. The board may require satisfactory proof that the candidate meets this requirement. (Authorized by K.S.A. 1-202; effective Jan. 1, 1972; amended Jan. 1, 1973; amended May 1, 1978.)

**74-2-6.** (Authorized by K.S.A. 1-302a(d); effective Jan. 1, 1972; amended May 1, 1978; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-2-7. Concentration in accounting.** (a) The "concentration in accounting" courses re-

quired to qualify for admission to the certified public accountant examination shall be as follows:

(1) At least 42 semester credit hours in business and general education courses, including the following:

(A) Macro- and micro-economics plus one upper division economics course;

(B) at least two courses in the legal aspects of business or business law;

(C) college algebra or higher level math course;

(D) statistics and probability theory course;

(E) computer systems and applications course;

(F) finance course;

(G) management and administration course;

(H) marketing course; and

(I) production, operations research, or applications of quantitative techniques to business problems course;

(2) at least 11 semester credit hours in courses in written and oral communications; and

(3) at least 30 semester credit hours in courses in accounting theory and practice, including the following:

(A) Financial accounting course;

(B) managerial accounting beyond an introductory course;

(C) auditing course;

(D) income tax course; and

(E) accounting systems beyond an introductory computer course.

(b) The following types of credits awarded by a college or university approved by the board shall be accepted by the board for purposes of determining compliance with subsection (a), if the credits are related to those areas specified in subsection (a):

(1) Credit for advanced placement;

(2) credit by examination; and

(3) credit for military education.

Credits recognized by the board pursuant to this subsection shall not exceed a total of six semester hours.

(c) Credit shall not be allowed for any course that is only audited.

(d) Any credits earned for an accounting internship may count toward the overall 150-hour education requirement, but these credits shall not be acceptable in satisfaction of the required 30 hours of accounting theory and practice.

(e) Credits earned for CPA exam review courses shall not be acceptable in satisfaction of the required 30 hours of accounting theory and



practice. However, these credits may be used toward the overall 150-hour education requirement.

(f) Not to exceed a total of six hours, up to three hours of course requirements specified in paragraph (a)(1), (a)(2), or (a)(3) may be waived by the board, for good cause and upon receipt of satisfactory verification that the applicant has otherwise met the requirements. (Authorized by and implementing K.S.A. 2006 Supp. 1-302a, as amended by L. 2007, ch. 131, § 1; effective Jan. 1, 1973; amended Feb. 15, 1977; amended May 1, 1978; amended May 1, 1979; amended July 22, 1991; amended Sept. 25, 1998; amended Jan. 11, 2008.)

**74-2-8.** (Authorized by K.S.A. 1-302a(a)(3); effective May 1, 1979; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

### **Article 3.—ISSUANCE OF CERTIFICATES**

**74-3-1.** (Authorized by K.S.A. 1-202(a); effective Jan. 1, 1972; amended Jan. 1, 1973; amended May 1, 1978; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-3-2.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-3-3.** (Authorized by K.S.A. 1-302a(d); effective Jan. 1, 1966; amended Jan. 1, 1972; amended Feb. 15, 1977; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-3-4 and 74-3-5.** (Authorized by K.S.A. 1-302a(d); effective Jan. 1, 1966; amended Jan. 1, 1972; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-3-6.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; revoked Jan. 1, 1972.)

**74-3-7.** (Authorized by K.S.A. 1-302a; effective Jan. 1, 1973; amended Feb. 15, 1977; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-3-8. Ethics examination requirement for issuance of certificate.** Satisfactory completion of an examination in professional ethics approved by the board shall be required for issuance of the Kansas certificate. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-302, as amended by L. 2000, Ch. 81, § 7; effective Feb.

15, 1977; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended Nov. 17, 2000.)

### **Article 4.—PERMITS TO PRACTICE AND CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS**

**74-4-1.** (Authorized by K.S.A. 1997 Supp. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1997 Supp. 1-316, K.S.A. 75-1119, and 75-1128; effective Jan. 1, 1966; amended Jan. 1, 1970; amended Jan. 1, 1972; amended May 1, 1985; amended Jan. 12, 1996; amended Sept. 25, 1998; revoked Nov. 17, 2000.)

**74-4-1a. Experience requirement for attest services.** (a) Each permit holder who supervises attest services or who signs or authorizes a person to sign a report on any audit, attest, review, or compilation engagement on behalf of a firm shall meet the requirements set forth in the “statements on quality control standards” issued by the auditing standards board of the American institute of certified public accountants and contained in the “AICPA professional standards,” as adopted by reference in K.A.R. 74-5-2.

(b) Notwithstanding subsection (a), each permit holder who supervises attest services or signs or authorizes a person to sign a report on any applicable engagement on behalf of a firm that is registered with the PCAOB shall comply with the applicable standards of the PCAOB, which are adopted by reference in K.A.R. 74-5-2.

(c) Each permit holder who supervises attest services or who signs or authorizes a person to sign a report for a governmental audit engagement on behalf of a firm shall comply with the government auditing standards adopted by reference in K.A.R. 74-5-2. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 1-302b; effective Nov. 17, 2000; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007.)

**74-4-2.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1970; amended Jan. 1, 1972; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-4-2a. Evidence of experience.** (a) Any certified public accountant who refuses to verify an applicant’s experience may be required to inform the board of the certified public accountant’s reason for refusing to verify this experience.

(b) Any certified public accountant who has verified the experience of an applicant may be re-

quired by the board to substantiate any information provided to the board.

(c) Any documentation relating to an applicant's experience may be reviewed by the board. The applicant may be required to appear before the board or its designee to supplement or verify the applicant's experience. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-302b, as amended by L. 2000, Ch. 81, § 9; effective Nov. 17, 2000.)

**74-4-3.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1970; amended Jan. 1, 1972; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-4-3a. Permit renewal.** (a) Each application for renewal of a permit shall be made on a form provided by the board.

(b) A renewal application that is insufficient shall not be processed and shall be returned to the applicant.

(1) An application shall be deemed insufficient if it meets any of the following conditions:

- (A) Is not completely filled out;
- (B) lacks the required documentation; or
- (C) does not include the renewal fee.

(2) If the renewal fee is paid by credit card, the application shall be deemed insufficient if it meets either of the following conditions:

(A) The information necessary to process the credit card payment is deficient.

(B) The credit card company rejects payment. (Authorized by K.S.A. 2000 Supp. 1-202, as amended by 2001 HB 2343, § 7; implementing K.S.A. 2000 Supp. 1-310, as amended by 2001 HB 2343, § 2 and K.S.A. 2000 Supp. 75-30,100; effective Nov. 17, 2000; amended Nov. 2, 2001.)

**74-4-4. Experience requirement for permits.** (a) The accounting experience required under K.S.A. 1-302b, and amendments thereto, may include any type of service or advice involving the use of attest or nonattest skills pursuant to K.S.A. 1-302b and amendments thereto. Attest and nonattest services shall be as defined in K.S.A. 1-321, and amendments thereto.

(b) One year of experience shall consist of full- or part-time employment that extends over a period of no less than one year and no more than three years and that includes no fewer than 2,000 hours of performance of services as described in subsection (a). (Authorized by K.S.A. 2000 Supp.

1-202, as amended by 2001 HB 2343, § 7; implementing K.S.A. 2000 Supp. 1-302b, as amended by 2001 HB 2343, § 1; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Nov. 17, 2000; amended Nov. 2, 2001.)

**74-4-5.** (Authorized by K.S.A. 1981 Supp. 1-202(a); implementing K.S.A. 1981 Supp. 1-302b; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; revoked Jan. 12, 1996.)

**74-4-6.** (Authorized by K.S.A. 1990 Supp. 1-202(a); implementing K.S.A. 1990 Supp. 1-302a(b); effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended July 22, 1991; revoked Jan. 12, 1996.)

**74-4-7. Continuing professional education requirements.** (a) Each applicant for renewal of a permit to practice as a certified public accountant in Kansas shall have completed 80 hours of acceptable continuing professional education during each biennial period for renewal. Each applicant for renewal of a permit shall have completed two hours in professional ethics relating to the practice of certified public accountancy as part of the continuing professional education requirement.

(b) Each applicant for renewal of a permit to practice as a licensed municipal public accountant in Kansas shall have completed a 16-hour program of acceptable continuing professional education during each year within the biennial period. At least eight of the 16 hours shall be in the area of municipal accounting or auditing.

(c) The standards used to determine acceptable continuing professional education shall include the following:

(1) One hour of credit shall be granted for each 50 minutes of participation in a group, independent study, or self-study program. One-half hour of credit shall be granted for each 25-minute period after the first hour of credit has been earned.

(2) Hours devoted to actual preparation time by an instructor, discussion leader, or speaker for formal programs shall be computed at a maximum of up to twice the number of continuing professional education credits that a participant would be entitled to receive, in addition to the time for presentation. No time devoted to preparation by a participant shall be counted.

(3) Hours served as an instructor, discussion leader, or speaker shall be included to the extent

that they contribute to the professional competence of the applicant. Repeated presentations of the same course shall not be counted unless it is demonstrated that the program content involved was substantially changed and the change required significant additional study or research.

(4) Commencing with the renewal of permits issued on and after July 1, 2007, hours devoted to actual preparation as specified in paragraph (c)(2) and hours served as an instructor, discussion leader, or speaker as specified in paragraph (c)(3) shall not exceed, alone or in combination, 50 percent of the total number of continuing education hours required for permit renewal.

(d) The requirements of subsection (a) may be waived by the board for reasons of health, military service, foreign residence, or retirement, or for other good cause determined by the board.

(e) Any applicant for renewal of a permit to practice as a certified public accountant may carry over a maximum of 20 hours of continuing professional education earned in the 12-month period preceeding July 1 of the renewal year. Any professional ethics hours that exceed the two-hour requirement may be included in the 20-hour carryover, but these hours shall not be used to meet the professional ethics requirement for any subsequent renewal period.

(f) If an applicant for renewal fails to obtain the continuing professional education required by this regulation, the applicant may be required by the board to obtain an additional eight hours of continuing professional education within a period of time specified by the board before the applicant's permit to practice is renewed. (Authorized by K.S.A. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1-202, K.S.A. 2007 Supp. 1-310, and K.S.A. 75-1119; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended July 13, 1992; amended Sept. 25, 1998; amended Nov. 17, 2000; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 19, 2006; amended May 23, 2008.)

**74-4-8. Continuing professional education programs; requirements.** (a) A program designed to allow a participant to learn a given subject through interaction with an instructor and other participants either in a classroom or conference setting, or by using the internet may be approved for continuing professional education credit under K.A.R. 74-4-7 if the program meets the following conditions:

(1) It is a formal program of learning that maintains or improves the professional competence of a permit holder and requires attendance.

(2) An outline of the program is prepared in advance and provided to the permit holder.

(3) The program is at least 50 minutes in length.

(4) The program is conducted by a person qualified in the subject area.

(5) A record of registration and attendance is retained.

(b) The following types of programs shall qualify as acceptable continuing professional education if they meet the requirements of subsection (a):

(1) Professional development programs of the American institute of certified public accountants, and of state societies and local chapters of certified public accountants;

(2) technical sessions at meetings of the American institute of certified public accountants, and of state societies and local chapters of certified public accountants;

(3) university or college credit courses. Each semester hour of credit shall equal 15 hours of continuing education credit. Each quarter hour of credit shall equal 10 hours of continuing education credit;

(4) university or college non-credit courses. These courses shall qualify for continuing professional education credit that equals the number of actual, full 50-minute class hours attended;

(5) formal, organized, in-firm or interfirm educational programs;

(6) programs in accounting, auditing, consulting services, specialized knowledge and applications, taxation, management of a practice, or ethics; and

(7) personal development courses. Commencing with the renewal of permits issued on and after July 1, 2007, hours from personal development courses shall not exceed 30 percent of the total number of continuing education hours required for permit renewal. Personal development courses, which shall be defined as courses dealing with self-management and self-improvement both inside and outside of the business environment, shall be limited to courses on communication, leadership, character development, dealing effectively with others, interviewing, counseling, career planning, emotional growth and learning, and social interactions and relationships.

(c) Any author of a published article or book and any writer of a continuing professional education program may receive continuing profes-

sional education credit for the actual research and writing time if all of the following conditions are met:

(1) The board determines that the research and writing maintain or improve the professional competence of the author or writer.

(2) The number of credit hours claimed is consistent with the quality and scope of the article, book, or program.

(3) The article or book has been published or the program was created during the biennial period for which credit is claimed.

(d) Individual self-study programs that allow a participant to learn a particular subject without the major involvement of an instructor may be eligible for continuing education credit if all of the following conditions are met:

(1) The program meets one of the following requirements:

(A) Has been approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service;

(B) is sponsored through the American institute of certified public accountants; or

(C) is sponsored through a state society of certified public accountants.

(2) The program requires registration.

(3) The program includes a final examination.

(4) The participant scores at least 70 percent on the final examination.

(5) The participant provides certificates of satisfactory completion.

(e) The amount of credit for self-study programs shall be determined by the board, as follows:

(1) Self-study programs may be approved for one hour of continuing professional education credit for each 50 minutes of participation and one-half credit for each 25-minute period of participation after the first hour of credit has been earned.

(2) The amount of credit shall not exceed the number of recommended hours assigned by the program sponsor.

(f) Independent study programs that are designed to allow a participant to learn a given subject under the guidance of a continuing professional education program sponsor may be eligible for continuing professional education credit if all of the following conditions are met:

(1) The program meets one of the following requirements:

(A) Has been approved by NASBA's national

registry of continuing professional education sponsors or NASBA's quality assurance service;

(B) is sponsored through the American institute of certified public accountants; or

(C) is sponsored through a state society of certified public accountants.

(2) The participant has a written learning contract with a program sponsor that contains a recommendation of the number of credit hours to be awarded upon successful completion of the program.

(3) The program sponsor reviews and signs a report indicating that all of the requirements of the independent study program, as outlined in the learning contract, are satisfied.

(4) The program is completed in 15 weeks or less.

(g) A participant in an independent study program may receive up to one hour of credit for each 50 minutes of participation and one-half hour of credit for each 25-minute period of participation after the first hour of credit has been earned. (Authorized by K.S.A. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1-202, K.S.A. 2007 Supp. 1-310, and K.S.A. 75-1119; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended Feb. 14, 1994; amended Sept. 25, 1998; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended May 23, 2008.)

**74-4-9. Continuing professional education controls and reporting.** (a) At the time of applying for renewal of the permit to practice, each applicant shall sign a statement indicating the applicant's compliance with the requirements in K.A.R. 74-4-7 and 74-4-8, unless the applicant qualifies for the exemption outlined in K.S.A. 1-310 and amendments thereto.

(b)(1) Any applicant may be required by the board to verify the number of CPE hours claimed in subsection (a), on a form provided by the board, which shall include the following information:

(A) The organization, school, firm, or other sponsor conducting the program or course;

(B) the location of the program or course attended;

(C) the title of the program or course, or a brief description;

(D) the dates attended or the date the program or course was completed; and

(E) the number of continuing professional ed-



ucation credits that the applicant received for participating in a program or course.

(2) Each applicant specified in paragraph (b)(1) shall be required to provide the board with proof of completion or attendance for all CPE hours claimed.

(c) Each applicant shall retain documentation of completion or attendance for any continuing professional education program or course for five years from the end of the year in which the program or course was completed. (Authorized by K.S.A. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1-202, K.S.A. 2007 Supp. 1-310, and K.S.A. 75-1119; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended Sept. 25, 1998; amended Nov. 22, 2002; amended Nov. 14, 2003; amended May 23, 2008.)

**74-4-10. Continuing education requirements for renewal of initial or reinstated permits.** (a) To renew an initial or reinstated permit to practice as a certified public accountant in Kansas, each applicant shall complete the number of continuing education hours proportionate to the number of hours required for the renewal period, given the number of full months from the date of the issuance of the permit to the June 30 renewal date.

(b) Continuing education credit obtained by the applicant on and after July 1 of the issuance year of the permit may be used to satisfy the continuing education requirement in subsection (a) if the credit meets the requirements specified in K.A.R. 74-4-7 and 74-4-8. (Authorized by K.S.A. 1-202; implementing K.S.A. 2007 Supp. 1-310; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended May 23, 2008.)

## **Article 5.—CODE OF PROFESSIONAL CONDUCT**

### **Part I.—DEFINITIONS, INDEPENDENCE, INTEGRITY AND OBJECTIVITY, COMMISSIONS AND REFERRAL FEES, CONTINGENT FEES**

**74-5-1.** (Authorized by and implementing K.S.A. 1981 Supp. 1-202(c)(1); effective Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; revoked May 1, 1985.)

**74-5-2. Definitions.** The following defini-

tions shall be applicable wherever this terminology is used in the rules of professional conduct:

(a) “AICPA” means the American institute of certified public accountants.

(b) “AICPA professional standards” means the standards, including definitions and interpretations, in “AICPA professional standards,” volumes 1 and 2, published by the AICPA, as in effect on July 1, 2007, which are hereby adopted by reference, except for pages 5,301 through 6,209, by-laws of the AICPA, and pages 22,001 through 22,073, continuing professional education, in volume 2.

(c) “Audit” means an independent examination of financial information or assertions of any entity, regardless of profit orientation, size, and legal form, if the examination is conducted to express an opinion thereon.

(d) “Board” means the Kansas state board of accountancy.

(e) “Certified public accountant” and “CPA” mean any of the following:

(1) A holder of a Kansas certificate;

(2) a person practicing certified public accountancy under the authorization to practice by notification as provided in K.S.A. 1-322 and amendments thereto; or

(3) a firm.

(f) “Compilation” shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(g) “Firm” shall have the meaning specified in K.S.A. 1-308 and amendments thereto.

(h) “Generally accepted accounting principles” and “GAAP” mean the following standards, as applicable, in effect as specified and hereby adopted by reference;

(1) “Federal accounting standards,” issued by the federal accounting standards advisory board as follows:

(A) “Statements of federal financial accounting concepts and standards,” (SFFAS), as in effect on June 30, 2006;

(B) “federal financial accounting technical release 7: clarification of standards relating to the national and space administration’s space exploration equipment,” as in effect on May 25, 2007;

(C) “interpretation of federal financial accounting standards, interpretation 7: items held for remanufacture,” as in effect on March 16, 2007;

(D) SFFAS 31, “accounting for fiduciary activities,” as in effect on October 24, 2006;

(E) SFFAS 32, “consolidated financial report of the United States government requirements: im-

plementing statement of federal financial accounting concepts 4 'intended audience and qualitative characteristics for the consolidated financial report of the United States government', as in effect on September 28, 2006; and

(F) technical bulletin 2006-1, "recognition and measurement of asbestos-related cleanup costs," as in effect on September 28, 2006;

(2) "current text," volumes I and II, except for pages iii through xii, issued by the financial accounting standards board, as in effect on June 1, 2007;

(3) "EITF abstracts," volumes 1, except for pages iii and iv, and 2, except for pages iii through iv, issued by the emerging issues task force of the financial accounting standards board, as in effect on September 7, 2006;

(4) "statements of position accounting," except for pages 25,221 and 25,222 in section 12,010, issued by the accounting standards executive committee of the AICPA and contained in the "AICPA technical practice aids," as in effect on June 1, 2007; and

(5) "governmental accounting and financial reporting standards," except for pages vii through xv and appendices B and C, issued by the governmental accounting standards board, as in effect on June 30, 2006.

(i) "Government auditing standards" means the "government auditing standards," January 2007 revision, except for chapter 1 and appendix II, and interpretations issued by the comptroller general of the United States, as in effect on July 1, 2007 and hereby adopted by reference.

(j) "Licensed municipal public accountant" and "LMPA" mean a holder of a permit issued under the laws of Kansas to practice as a municipal public accountant.

(k) "Practice of certified public accountancy" means performing or offering to perform attest or nonattest services for the public while using the designation "certified public accountant" or "CPA" in conjunction with these services. "Attest" and "nonattest" services shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(l) "PCAOB" means the public company accounting oversight board created by the Sarbanes-Oxley act of 2002.

(m) "Standards of the PCAOB" means the following standards as of August 9, 2007, and related rules in "bylaws and rules of the public accounting

oversight board" as of August 6, 2007, which are hereby adopted by reference:

(1) Auditing standards numbers 1, 3, 4, and 5; and

(2) rules, section 3, "professional standards," part 1, general requirements, and part 5, ethics.

(n) "Staff accountant" means a certified public accountant who meets the following requirements:

(1) Holds both a Kansas certificate and a Kansas permit;

(2) is employed by a firm that is the certified public accountant's primary employer; and

(3) works at least 1,040 hours for the firm during a calendar year. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1974; amended May 1, 1978; amended May 1, 1979; amended May 1, 1985; amended July 22, 1991; amended July 13, 1992; amended April 5, 1993; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Jan. 8, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008.)

#### **74-5-3 to 74-5-100. Reserved.**

**74-5-101. Independence.** (a) Each certified public accountant and each licensed municipal public accountant who performs professional services requiring independence shall comply with the following standards, as applicable:

(1) Rule 101 of the code of professional conduct, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. Rule 101, including the definitions and interpretations, shall be used by the board in determining whether independence is impaired;

(2) chapter three of the government auditing standards adopted by reference in K.A.R. 74-5-2;

(3) regulation S-X codified at 17 C.F.R. Part 210, as in effect on September 18, 2007, which is hereby adopted by reference; and

(4) interim rule 3600T promulgated by the PCAOB, as contained in volume 1 of the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2.

(b) In determining whether a certified public accountant's or a licensed municipal public accountant's independence is impaired, any other circumstances, relationship, or activity that the board determines could impair independence may be considered by the board. (Authorized by

and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended Nov. 15, 2002; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008.)

**74-5-102. Integrity and objectivity.** (a) In the performance of professional services, each certified public accountant and each licensed municipal public accountant shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts to others or subordinate the accountant's or firm's judgment to another's judgment. In tax practice, any certified public accountant or licensed municipal public accountant may resolve doubt in favor of the client if there is reasonable support for that position.

(b) Each certified public accountant and each licensed municipal public accountant shall comply with the following applicable standards:

(1) Rule 102 of the code of professional conduct, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. Rule 102, including the interpretations, shall be used in determining whether integrity and objectivity have been maintained;

(2) chapter three of the government auditing standards adopted by reference in K.A.R. 74-5-2; and

(3) interim rule 3500T promulgated by the PCAOB, as contained in volume 1 of the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended Nov. 15, 2002; amended May 27, 2005; amended May 19, 2006.)

**74-5-103. Commissions and referral fees.** Each certified public accountant shall comply with rule 503 of the code of professional conduct regarding commissions and referral fees, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended July 13, 1992; amended Jan. 12, 1996; amended Jan. 8, 1999; amended Sept. 10, 1999; amended May 27, 2005.)

**74-5-104. Contingent fees.** Each certified public accountant shall comply with rule 302 of the code of professional conduct regarding contingent fees, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended July 13, 1992; amended Jan. 8, 1999; amended Sept. 10, 1999; amended May 27, 2005.)

**74-5-105.** (Authorized by K.S.A. 1-202; effective May 1, 1978; revoked Feb. 16, 2007.)

#### **Part II.—GENERAL STANDARDS, COMPLIANCE WITH STANDARDS, ACCOUNTING PRINCIPLES**

**74-5-201. General standards.** Each certified public accountant or licensed municipal public accountant shall comply with rule 201 of the code of professional conduct regarding general standards, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended May 27, 2005; amended Jan. 11, 2008.)

**74-5-202. Compliance with standards.** (a) Each certified public accountant who performs auditing, attestation, review, compilation, management consulting, tax, or other professional services shall comply with the applicable professional standards promulgated by the following entities, which are adopted by reference in K.A.R. 74-5-2 and this regulation:

- (1) The federal accounting standards advisory board;
- (2) the financial accounting standards board;
- (3) the emerging issues task force;
- (4) the governmental accounting standards board;
- (5) the AICPA accounting and review services committee;
- (6) the AICPA auditing standards board;
- (7) the AICPA accounting standards executive committee;
- (8) the AICPA management consulting services executive committee;
- (9) the AICPA tax executive committee;
- (10) the AICPA professional ethics executive committee;
- (11) the PCAOB; and

(12) the municipal accounting section of the division of accounts and reports, department of administration.

(b) Each licensed municipal public accountant shall comply with applicable, generally accepted auditing standards in the 2007 revised "Kansas municipal audit guide," including appendices A through L, prescribed by the municipal accounting section of the division of accounts and reports, department of administration, and hereby adopted by reference. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Jan. 7, 1991; amended July 13, 1992; amended Aug. 23, 1993; amended Sept. 26, 1994; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008.)

**74-5-203. Accounting principles.** (a) A certified public accountant or a licensed municipal public accountant shall not express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles if the statements or data depart from generally accepted accounting principles and this departure has a material effect on the statements or data taken as a whole.

(b) A certified public accountant or a licensed municipal public accountant shall not state that the accountant or firm is not aware of any material modifications that should be made to financial statements or data in order for the statements or data to be in conformity with generally accepted accounting principles if the statements or data depart from generally accepted accounting principles and this departure has a material effect on the statements or data taken as a whole.

(c) Any certified public accountant or licensed municipal public accountant may express an opinion described in subsection (a) if the accountant demonstrates that, due to unusual circumstances, the financial statement would otherwise be misleading. In such a case, the accountant's report shall describe the following:

- (1) The departure;
- (2) the approximate effects, if practicable; and
- (3) the reasons why compliance with the principle would result in a misleading statement. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Jan. 7, 1991; amended July 13, 1992; amended Aug. 23, 1993; amended Sept. 26, 1994; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended May 27, 2005; amended May 19, 2006.)

**74-5-204.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; revoked Jan. 11, 2008.)

**74-5-205.** (Authorized by and implementing K.S.A. 2000 Supp. 1-202, as amended by 2001 HB 2343, § 7; effective Nov. 17, 2000; amended Nov. 2, 2001; revoked May 27, 2005.)

### Part III.—RESPONSIBILITIES TO CLIENTS

**74-5-301. Confidential client information.** (a) A certified public accountant shall not disclose any confidential client information without the consent of the client.

(b) Rule 301 of the code of professional conduct, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2, shall be used by the board in determining compliance with subsection (a). (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended Sept. 25, 1998; amended May 27, 2005.)

**74-5-302. Records.** (a) Each certified public accountant shall furnish to that accountant's client or former client, upon request, a copy of the client's record, within a reasonable time after preparation of the document in question.

(b) Each client's record shall include the following documents:

- (1) The client's tax return;
- (2) a copy of any report issued by the certified public accountant on behalf of the client;
- (3) any document provided to the certified public accountant that was obtained from the cli-



ent or received by the certified public accountant on the client's behalf;

- (4) adjusting journal entries with explanations;
- (5) working trial balances;
- (6) tax journal entries;
- (7) tax working trial balances;
- (8) deferred tax calculations;
- (9) depreciation schedules; and
- (10) balance sheet accounts that list items and balances.

(c) A certified public accountant shall not be required to honor subsequent requests for copies of a client's records if the certified public accountant has previously produced the requested document. The certified public accountant may charge a reasonable fee for additional documents.

(d) Records shall be provided in the medium in which they are requested, if the records exist in such a medium. A certified public accountant shall not be required to convert information that is not in electronic format to an electronic format.

(e) Except for documents identified in paragraph (b)(3), a certified public accountant may require that all fees be paid before providing copies of a client's record. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended Nov. 2, 2001; amended Nov. 15, 2002.)

**74-5-303.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; revoked Jan. 1, 1972.)

**74-5-304.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; revoked Jan. 1, 1974.)

#### Part IV.—OTHER RESPONSIBILITIES AND PRACTICES

**74-5-401. Acts discreditable to the profession.** (a) A certified public accountant shall not commit any act discreditable to the profession.

(b) Each certified public accountant shall comply with rule 501 of the code of professional conduct, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. Rule 501, including the definitions and interpretations, may be used by the board in determining whether a certified public accountant has committed an act discreditable to the profession. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended Nov. 15, 2002; amended May 27, 2005.)

**74-5-402. Acting through others.** A certified public accountant shall not permit others to carry out on his or her behalf, either with or without compensation, acts which, if carried out by the certified public accountant, would place him or her in violation of the rules of conduct. (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978.)

**74-5-403. Advertising.** (a) A certified public accountant shall not advertise in a manner that is false, misleading, or deceptive.

(b) The use of any non-CPA's name or the name of any entity not registered with the board as a CPA firm in any advertisement or publication or under any heading used for certified public accountants shall be prohibited.

(c) Rule 502 of the code of professional conduct, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2, shall be used by the board in determining whether a certified public accountant has violated subsection (a). (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended May 1, 1985; amended July 22, 1991; amended May 27, 2005; amended Feb. 16, 2007.)

**74-5-404.** (Authorized by K.S.A. 1-202; effective May 1, 1978; revoked May 1, 1986.)

**74-5-404a. Use of CPA designation while performing non-attest services.** (a) A person who has a Kansas permit to practice as a certified public accountant may use the "certified public accountant" or "CPA" designation when performing non-attest services in an organization that is not required to register as a firm.

(b) Non-attest services shall mean those services set forth in K.S.A. 1-321 and amendments thereto. (Authorized by and implementing K.S.A. 2000 Supp. 1-202, as amended by 2001 HB 2343, § 7; effective Jan. 8, 1999; amended Nov. 2, 2001.)

**74-5-405. Form of practice.** A certified public accountant may practice certified public accountancy, whether as an owner or an employee, in the form of a proprietorship, a partnership, a limited liability partnership, a professional corporation or association, a limited liability company, or a general corporation. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-311, as amended by L. 2000, Ch. 81, § 13(a)(7);

effective May 1, 1978; amended Aug. 23, 1993; amended Nov. 17, 2000.)

**74-5-405a. Certified public accountants who own a separate business.** Each certified public accountant in the practice of certified public accountancy who, in addition to owning an interest in a registered firm or firms as defined in K.S.A. 1-321 and amendments thereto, owns an interest in a separate business shall comply with rule 505-2 of the code of professional conduct, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and 1-311, as amended by L. 2007, Ch. 97, § 5; effective Jan. 11, 2008.)

**74-5-406. Firm names.** (a) A certified public accountant shall not practice public accountancy under a firm name or advertise a firm name that includes descriptive words relating to the quality of services offered or that is misleading concerning the legal form or the persons who are partners, officers, members, managers, or shareholders of the firm.

(b) A firm name shall not be considered to be misleading solely because it contains words describing the geographical area in which the services are offered or words describing the type of services actually being performed by the certified public accountants who are owners, partners, officers, members, managers, or shareholders of the firm.

(c) A firm name or designation shall be considered to be misleading in any of the following instances:

(1) The name contains a misrepresentation of facts.

(2) The name is intended or is likely to create false or unjustified expectations of favorable results.

(3) The name implies education, professional attainment, or licensing recognition of its owners, partners, officers, members, managers, or shareholders that is not supported by facts.

(4) The name of a firm that is a Kansas professional corporation or association, limited liability company, limited liability partnership, or general corporation does not include its full legal name each time the firm name is used.

(5) The terms "& Company," "& Associate," or "Group" are used, but the firm does not include, in addition to the named partner, shareholder,

owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(6) The plural term "& Associates" is used, but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least two other unnamed partners, shareholders, owners, members, or staff accountants holding both a Kansas certificate and a Kansas permit to practice.

(7) The name of the firm contains the name or names of one or more former partners, shareholders, or owners without their written consent.

(d) A fictitious firm name shall be defined as a name that does not contain the name or names or the initials of one or more present or former partners, members, or shareholders. A fictitious firm name may be used by a firm if the name is registered with the board and is not false or misleading as determined by the board.

(e) A fictitious firm name that uses the terms "& Company," "& Associate," or "Group" shall be considered misleading if the firm has only one partner, shareholder, owner or member and no other partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(f) A fictitious firm name that uses the term "& Associates" shall be considered misleading if the firm has only one partner, shareholder, owner, or member and only one or no other partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(g) Each firm that falls out of compliance with this regulation due to any change in firm ownership or personnel shall notify the board within 30 days after the change. A reasonable period of time may be granted by the board for a firm to take corrective action.

(h) If a firm does not have an office in Kansas but is required to register as a firm with the board pursuant to K.S.A. 1-308(d) and amendments thereto, the name of that firm shall not be considered misleading even if the name meets the criteria for being "misleading" as specified in paragraph (c) (5) or (6) or subsection (e) or (f) of this regulation. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. 1-308, as amended by L. 2007, Ch. 97, § 3; effective May 1, 1978; amended Oct. 8, 1990; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Sept. 25,

1998; amended Sept. 10, 1999; amended Nov. 15, 2002; amended Jan. 11, 2008.)

**74-5-407. Cooperation with the board.**

Each certified public accountant or licensed municipal public accountant shall cooperate in a timely manner with the board in its investigation of complaints or possible violations of the accounting statutes or the rules and regulations of the board. Cooperation shall include responding to written communications from the board sent by certified mail, return receipt requested, within 30 days of the date the communication was mailed or appearing before the board, or one or more of its members, upon request. (Authorized by and implementing K.S.A. 1997 Supp. 1-202 and K.S.A. 75-1119(a); effective May 1, 1978; amended May 1, 1979; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended Sept. 25, 1998.)

**74-5-408. Change of address.** Each certified public accountant shall notify the board in writing of any change in the person's home address, business name, or business address within 30 days of the change. (Authorized by and implementing K.S.A. 1-202; effective Feb. 16, 2007.)

**Part V.—OTHER  
RESPONSIBILITIES AND PRACTICES**

**74-5-501 to 74-5-503.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; revoked May 1, 1978.)

**74-5-504 and 74-5-505.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1974; revoked May 1, 1978.)

**Article 6.—ADDITIONAL OFFICES**

**74-6-1. Definitions of office and firm.** (a) "Office" shall mean any space that is identified to the public as being connected with a registered firm with a location in Kansas, or for which there is a separate telephone listing in a telephone directory.

(b) "Firm," as used in this article, has the meaning specified in K.S.A. 1-321 and amendments thereto. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-308, as amended by L. 2007, Ch. 97, § 3; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Nov. 17, 2000; amended Jan. 11, 2008.)

**74-6-2. Management of an office.** (a) Each firm with an office, as defined by K.A.R. 74-

6-1, that is located in this state shall have one resident manager in charge who is the holder of a current permit to practice as a certified public accountant issued by this state and who devotes more than half of the resident manager's working time to the affairs of that office.

(b) Each firm may, however, have one additional office that does not meet the resident manager requirement in subsection (a) if the additional office meets the following requirements:

(1) A certified public accountant who holds a current permit to practice shall supervise directly the additional office as the resident manager and shall oversee the planning, administration, direction, and review of the services being performed in that office.

(2) The resident manager shall be present at least two-thirds of the hours the office is listed as being open.

(3) The firm shall register the additional office by providing a written statement to the board, listing the name of the resident manager and the days and hours the additional office will be advertised as being open. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-308, as amended by L. 2000, Ch. 81, § 11; effective Jan. 1, 1972; amended May 1, 1980; amended May 1, 1982; amended Aug. 21, 1989; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Nov. 17, 2000.)

**74-6-3. Emergency assistance.** A certified public accountant holding a current permit to practice in this state may, upon notification to the board, provide services leading to the disposition of a deceased certified public accountant's practice. In the case of a disabled or incapacitated certified public accountant, such services, upon notification to the board, may be provided for the continuance of a practice. These services may be provided for a period of up to six (6) months. The board may, in its discretion, grant additional periods of time beyond six (6) months. (Authorized by K.S.A. 1-202; effective May 1, 1980.)

**Article 7.—FIRM REGISTRATION**

**74-7-1.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-7-2. Firms eligible for registration.** (a) Before practicing certified public accountancy,

a firm, as defined in K.S.A. 1-321 and amendments thereto shall meet the following requirements:

(1) Register with the board on forms provided by the board;

(2) affirm that any individual who signs or authorizes someone to sign the accountant's report on any audit, review, or compilation or on the examination of prospective financial information on behalf of the firm has met the competency requirements set forth in K.A.R. 74-4-1a; and

(3) pay the fee specified in K.A.R. 74-12-1.

(b) Each firm shall renew its registration annually on or before December 31 on forms provided by the board and shall pay the fee specified in K.A.R. 74-12-1. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-308, as amended by L. 2007, Ch. 97, § 3; effective Jan. 1, 1966; amended May 1, 1988; amended Jan. 12, 1996; amended Nov. 17, 2000; amended Jan. 11, 2008.)

**74-7-3. Revocable living trusts.** An owner of a firm may include a partner, shareholder, member, or a trustee of a revocable living trust established by a licensed CPA or other natural person permitted to own an interest in a firm pursuant to K.S.A. 1-308 and amendments thereto, if the terms of the trust include all of the following provisions:

(a) The CPA or other natural person is the principal beneficiary and a trustee of the trust.

(b) The CPA or other natural person has the unrestricted right to revoke the trust.

(c) The trust does not continue to hold an ownership interest in the firm following the death of the CPA or other natural person for more than a reasonable period of time necessary to dispose of the stock or ownership interest. (Authorized by K.S.A. 2000 Supp. 1-202, as amended by 2001 H.B. 2343, § 7; implementing K.S.A. 2000 Supp. 1-308; effective Nov. 2, 2001.)

**74-7-4. Firm registration; sole proprietors.** Each certified public accountant who is an unincorporated sole proprietor shall complete a form provided by the board indicating whether the certified public accountant issues reports that are subject to peer review. This form shall be submitted with the permit renewal application and, if applicable, at the time of firm registration renewal. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. 1-308; effective Nov. 15, 2002.)

## Article 8.—CORPORATE PRACTICE

**74-8-1.** (Authorized by K.S.A. 1-202; effective Jan. 1, 1972; amended May 1, 1980; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-8-2.** (Authorized by K.S.A. 1-202(a) and K.S.A. 17-2708; implementing K.S.A. 1-308(b); effective Jan. 1, 1972; amended May 1, 1980; amended May 1, 1982; amended May 1, 1988; amended Aug. 23, 1993; revoked Jan. 12, 1996.)

**74-8-3.** (Authorized by K.S.A. 1981 Supp. 1-202; implementing K.S.A. 1981 Supp. 1-308; effective Jan. 1, 1972; amended May 1, 1980; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; revoked May 1, 1985.)

**74-8-4.** (Authorized by K.S.A. 1-202(a); effective Jan. 1, 1972; amended May 1, 1980; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-8-5.** (Authorized by K.S.A. 1-202 and K.S.A. 17-2708 and 17-6001 and implementing K.S.A. 1-308; effective May 1, 1988; amended Aug. 23, 1993; revoked Jan. 12, 1996.)

## Article 9.—CONTINUING EDUCATION

**74-9-1.** (Authorized by K.S.A. 1-310(b); effective Jan. 1, 1974; amended May 1, 1978; amended May 1, 1980; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

**74-9-2 to 74-9-4.** (Authorized by K.S.A. 1-310(b); effective Jan. 1, 1974; amended May 1, 1978; revoked, E-82-27, Dec. 22, 1981; revoked May 1, 1982.)

## Article 10.—LICENSED MUNICIPAL PUBLIC ACCOUNTANTS

**74-10-1. Licenses; duration and renewal.** Each permit to practice shall be issued for a biennial period and shall expire on June 30 of odd-numbered years, or upon failure to maintain either an office or a residence in the state of Kansas. (Authorized by and implementing K.S.A. 1983 Supp. 75-1119; effective May 1, 1985.)

**74-10-2. Administrative hearings; notice; grounds for revocation.** (a) The board may revoke, suspend or refuse to renew any permit to practice issued to a licensed municipal public accountant, or may censure the holder of any such permit to practice, for any of the following causes:



(1) Fraud or deceit in obtaining a permit to practice or a renewal thereof from this board.

(2) Dishonesty, fraud, or negligence in practice as a licensed municipal public accountant;

(3) Violation of a rule of professional conduct promulgated by the board;

(4) Conviction of a felony under the laws of any state or of the United States;

(5) Conviction of any crime under the laws of any state or of the United States that has dishonesty or fraud as an essential element;

(6) Cancellation, revocation, suspension, or refusal to renew the authority to practice as a public accountant in any state or foreign country.

(b) A written notice of intention to take any action under subsection (a) of this regulation shall be mailed by certified mail to the holder of the permit at least 30 days prior to any hearing thereon. The notice shall be mailed to the last known address of the holder of the permit and shall state the cause of the contemplated action. (Authorized by and implementing K.S.A. 1983 Supp. 75-1119; effective May 1, 1985.)

#### **Article 11.—PEER REVIEW PROGRAM**

**74-11-1 to 74-11-4.** (Authorized by K.S.A. 1-202(a) and implementing K.S.A. 1-401(c); effective May 1, 1987; revoked Feb. 14, 1994.)

**74-11-5.** (Authorized by K.S.A. 1-202(a) and implementing K.S.A. 1-311(b) and K.S.A. 1-401(c); effective May 1, 1987; revoked Feb. 14, 1994.)

**74-11-6. Definitions.** (a) “AICPA” means the American institute of certified public accountants.

(b) “AICPA professional standards” means the “AICPA professional standards,” volumes 1 and 2, published by the American institute of certified public accountants, as in effect on July 1, 2006, which are adopted by reference in K.A.R. 74-5-2.

(c) “Firm” shall have the meaning specified in K.S.A. 1-308 and amendments thereto.

(d) “Peer review” means a review of a firm’s accounting and auditing practice in accordance with the standards for performing and reporting on peer reviews.

(e) “Peer review team” means persons or organizations participating in the peer review program required by the regulations in article 11.

This term shall specifically include the team captain, team members, the report acceptance committee, and the oversight body, but shall not include the board.

(f) “Standards for performing and reporting on peer reviews” means either of the following:

(1) The AICPA “standards for performing and reporting on peer review” contained in volume two of the AICPA professional standards, as adopted by reference in K.A.R. 74-5-2; or

(2) standards published by the center for public company audit firms in the “peer review program manual” and “reference manual,” as in effect on July 1, 2006, which are hereby adopted by reference.

(g)(1) “Substantially similar program” means a peer review program that meets the following requirements:

(A) The peer review team shall be approved by a nationally recognized accounting organization as having the qualifications, training, and experience to perform the peer review function required by this regulation.

(B)(i) The peer review shall be conducted pursuant to peer review standards as issued by a nationally recognized peer review program that has received prior approval by the board; or

(ii) the peer review shall be conducted pursuant to a written submission detailing the qualifications of the peer review team to conduct the peer review and providing a written plan for the peer review illustrating the means of compliance with this regulation with the prior specific approval of the board.

(2) Each inspection performed by the public company accounting oversight board of areas of a firm’s practice related to audits of issuers, as defined by the public company accounting oversight board, shall be deemed to satisfy the peer review related to this element of the firm’s practice. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 1-501; effective Feb. 14, 1994; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007).

**74-11-7. Renewal of a firm’s registration.** (a) Each application for renewal of a firm’s registration shall include one of the following:

(1) A letter issued by the administering entity

stating that a peer review has been completed and including a due date for the next peer review; or

(2) a completed form titled "peer review request for waiver/notification of scheduling of peer review," which shall be provided by the board and completed by the firm.

(b) If a firm has received a waiver pursuant to K.S.A. 1-501 and amendments thereto, before commencement of any attestation engagement, the firm shall have in place a system of internal quality control and shall notify the board. The firm shall provide a letter of completion to the board within 18 months after the date on which the report subject to peer review was issued.

(c) The letter of completion shall be valid until the due date for the next peer review specified in the letter of completion. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. 1-501; effective Feb. 14, 1994; amended Sept. 25, 1998; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 19, 2006.)

**74-11-8 through 74-11-12.** (Authorized by and implementing K.S.A. 1997 Supp. 1-501; effective Feb. 14, 1994; amended Sept. 25, 1998; revoked Nov. 2, 2001.)

**74-11-13.** (Authorized by and implementing K.S.A. 1997 Supp. 1-501 and 1-311; effective Feb. 14, 1994; amended Sept. 25, 1998; revoked Nov. 2, 2001.)

**74-11-14.** (Authorized by K.S.A. 1997 Supp. 1-202 and 1-501 and implementing K.S.A. 1997 Supp. 1-501; effective Feb. 14, 1994; amended Sept. 25, 1998; revoked Nov. 2, 2001.)

**74-11-15. Peer review oversight.** (a) A peer review oversight committee shall be appointed by the board to monitor the peer review process to determine whether peer reviews are conducted in accordance with the standards for performing and reporting on peer reviews.

(b) Up to three persons shall be appointed by the board to serve on the peer review oversight committee, each of whom shall meet the following qualifications:

(1) Holds a current permit to practice certified public accountancy;

(2) has extensive experience in accounting and auditing services, as determined by the board; and

(3) is not a current member of the board of accountancy.

(c) Peer review oversight committee members

may be reimbursed only for travel, meals, lodging, and training expenses.

(d) The peer review oversight committee shall assess whether an organization that provides a peer review program endorsed or supported by the AICPA or another substantially similar program is conducting the program in accordance with the applicable standards for performing and reporting on peer reviews.

(e) The peer review committee shall report at least annually to the board concerning the qualifications of an organization to conduct peer review programs. However, information concerning specific firms and reviewers shall be confidential and shall not be reported to the board. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 1-501; effective Nov. 2, 2001; amended May 27, 2005.)

## Article 12.—FEES

**74-12-1. Fees.** Each applicant shall submit the appropriate application form and fee as shown in the following schedule.

(a) Issuance of Kansas certificate (initial or duplicate) .....	\$25.00
(b) Issuance of reciprocal certificate .....	\$250.00
(c) Initial permit to practice as a certified public accountant:	
(1) For more than one year of a biennial period .....	\$150.00
(2) For one year or less of a biennial period ...	\$75.00
(d) Renewal of biennial permit to practice as certified public accountant:	
(1) If received on or before July 1 of the renewal year in which the permit expires .....	\$150.00
(2) If received after July 1 of the renewal year in which the permit expires .....	\$225.00
(e) Reinstatement of permit to practice as a certified public accountant whose permit has expired:	
(1) For more than one year of a biennial period .....	\$225.00
(2) For one year or less of a biennial period ...	\$112.50
(f) Issuance of a duplicate permit .....	\$25.00
(g) Renewal of a biennial permit to practice as a licensed municipal public accountant:	
(1) If received on or before July 1 of the odd-numbered renewal years .....	\$50.00
(2) If received after July 1, or for reinstatement of a permit to practice that has been expired for one or more years .....	\$75.00
(h) To proctor another state's candidate at a CPA examination in Kansas .....	\$100.00
(i) Notification fee .....	\$150.00
(j) Renewal of notification .....	\$150.00
(k) Firm registration fee:	
(1) Initial registration .....	\$40.00
(2) Annual renewal .....	\$40.00
(3) Late renewal .....	\$60.00

(Authorized by and implementing K.S.A. 2002 Supp. 1-301, as amended by 2003 HB 2241, § 1,

and K.S.A. 75-1119; effective May 1, 1988; amended May 22, 1989; amended Dec. 18, 1989; amended Sept. 26, 1994; amended Aug. 23, 1996; amended July 18, 1997; amended May 28, 1999; amended November 29, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 14, 2003.)

#### **Article 13.—TEMPORARY PERMITS**

**74-13-1 and 74-13-2.** (Authorized by and implementing K.S.A. 1-317, as amended by L. 1989, Ch. 1, Sec. 1; effective April 2, 1990; revoked Jan. 12, 1996.)

#### **Article 14.—LIMITED LIABILITY COMPANIES**

**74-14-1 and 74-14-2.** (Authorized by K.S.A. 1-202(a) and implementing K.S.A. 17-2708; effective Aug. 23, 1993; revoked Jan. 12, 1996.)

#### **Article 15.—PRACTICE OF CERTIFIED PUBLIC ACCOUNTANCY BY NOTIFICATION**

**74-15-1. Adoption of the uniform accountancy act.** For purposes of determining substantial equivalency, the board hereby adopts by reference sections 5(c), 5(d), and 5(f) of the “uniform accountancy act and uniform accountancy act rules,” third edition, revised November 1999, in effect on July 1, 2000. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, §4, and L. 2000, Ch. 81, § 1; implementing L. 2000, Ch. 81, §§1 and 2; effective Nov. 17, 2000.)

**74-15-2. Application of notification to practice; renewal.** (a) Each applicant who in-

tends to practice by notification shall perform the following:

(1) Complete an application of notification provided by the board of accountancy within 30 days of the date of notifying the board, in writing, that the applicant intends to practice in this state;

(2) provide proof that the applicant holds an active license to practice certified public accountancy in the state where the applicant has a principal place of business and that the applicant is in good standing in that state; and

(3) pays the fees specified in K.A.R. 74-12-1.

(b) This written notification shall be made before commencing practice in this state.

(c) Each applicant who intends to practice according to subsection (a) and intends to perform attest services shall also submit a letter of completion of the most recent peer review of the applicant or the applicant's firm.

(d) Each person who is granted the right to practice certified public accountancy by notification shall renew on a biennial basis. The biennial period shall commence on the date the board issues a certificate of authority to practice by notification.

(e) An applicant's authorization to practice by notification may be renewed by the board if the applicant performs the following:

(1) Holds an active license to practice certified public accountancy in the state where the applicant has a principal place of business and is in good standing in that state;

(2) produces a letter of completion of the most recent peer review of the applicant or the applicant's firm, if applicable; and

(3) pays the fee specified in K.A.R. 74-12-1. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4, and L. 2000, Ch. 81, § 2; implementing L. 2000, Ch. 81, § 2; effective Nov. 17, 2000.)